

Proposed 2007-2009
**Budget & Policy
Highlights**

DECEMBER 2006

OFFICE OF THE GOVERNOR

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“The people of Washington want good schools, affordable, accessible and quality health care and family-wage jobs. My budget makes changes families can count on and reflects the values of our state.”

It is time to invest in our future. I am honored to be your Governor and I respect the trust you place in me to do the right thing for Washington and make the changes that Washington families can count on.

I have visited every part of our state, fields and factories, islands and inlets, cities and rural communities. I have listened carefully to people from all walks of life and all corners of Washington, and I hear again and again that people care about education, health care and jobs and economic development.

I am investing in what matters most to Washingtonians and I’m calling for accountability to make sure it happens.

By changing government and making strategic investments that offer opportunity, predictability, accountability and security, we will provide:

- An education system that families can rely on;
- An economy that offers opportunities for family-wage jobs;
- High-quality health care that families can afford;
- An environment where families can thrive; and
- Communities where families feel safe.

My Top Budget Priorities for 2007-2009 are:

1. Education. Our students will be prepared for good jobs, our communities will thrive with engaged and caring citizens, and our education system will be world-class with the fundamental changes and system-wide accountability of **Washington Learns.**

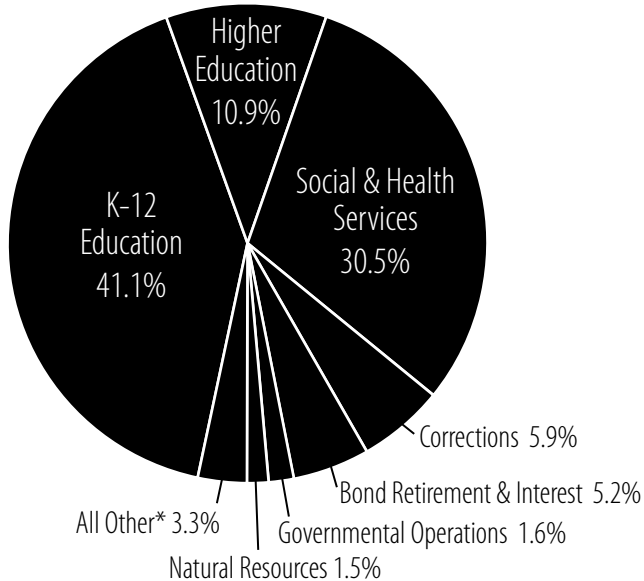
2. Economic Development. Our economy must be ready to meet the global market’s call for new skills and technologies. By building on our strengths, our unique regional advantages and our reputation for quality, we will get more stable, better jobs now and in **The Next Washington.**

3. Health Care. Our effort to become the healthiest state is already worthy of a **Blue Ribbon.** We will continue to remove barriers, encourage personal responsibility for healthy choices, and use the latest research to ensure that Washingtonians have access to high-quality affordable care.

Proposed Budget Expenditures

General Fund-State: Operating

Distribution of 2007-09 General Fund-State Expenditures

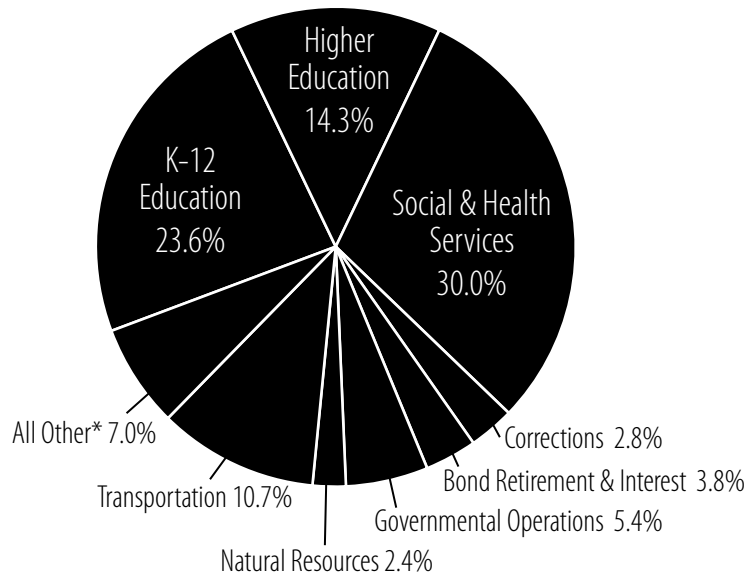


Category	Dollars in Millions
K-12 Education	\$12,307
Higher Education	3,255
Social & Health Services	9,130
Corrections	1,762
Bond Retirement & Interest	1,546
Governmental Operations	489
Natural Resources	449
All Other*	1,005
TOTAL	\$29,943

*All Other includes Legislative, Judicial, Other Human Services, Transportation, Contributions to Retirement Systems, Other Education, and other appropriations.

All Funds: Operating Plus Transportation Capital

Distribution of 2007-09 All Funds Expenditures



Category	Dollars in Millions
K-12 Education	\$15,053
Higher Education	9,096
Social & Health Services	19,149
Corrections	1,811
Bond Retirement & Interest	2,410
Governmental Operations	3,465
Natural Resources	1,527
Transportation	6,799
All Other*	4,440
TOTAL	\$63,750

*All Other includes Legislative, Judicial, Other Human Services, Contributions to Retirement Systems, Other Education, and other appropriations.

Source: Office of Financial Management

Rainy Day Fund

Governor Gregoire proposes to put savings in a new Rainy Day Fund so that we will be better prepared for the future. As a top priority, Governor Gregoire is making an initial deposit of \$262 million into this proposed Rainy Day Fund. This is equal to one percent of projected general revenue for fiscal years 2008 and 2009. We will then ask Washingtonians to vote to amend the Constitution, to protect and build the Rainy Day Fund with future automatic deposits every year.

Last year, Governor Gregoire kept her commitment to get the budget off the rollercoaster by setting aside \$947 million to help make future pension payments, pay for growing health costs for children and low income adults, and continue to invest in education. Governor Gregoire now proposes to keep our savings secure with constitutional protection.

Governor Gregoire's commitment is to the people of Washington – to make sure that we have safe streets and neighborhoods, affordable health care, world-class education and a thriving economy. By making savings for the future a top priority, we will be better prepared to keep our commitments to Washington students, seniors and families.

Prioritizing Government Programs

The Priorities of Government (POG) process has been a cornerstone of Washington budgeting since 2002. Teams of experts assigned to issue areas, such as safety or natural resources, are asked to prioritize each state policy or program within those areas, based on evidence of what brings the best results for citizens. Governor Gregoire this year also asked citizens across the state to tell her their priorities. Using the Priorities of Government and citizen input as her guide, Governor Gregoire is making strategic, responsible and accountable investments in what matters most to Washingtonians.

The Next Washington

Washington has unique advantages that will move us forward in this economy and the next. We enjoy relatively inexpensive electric power. Our community

Treating State Employees Fairly

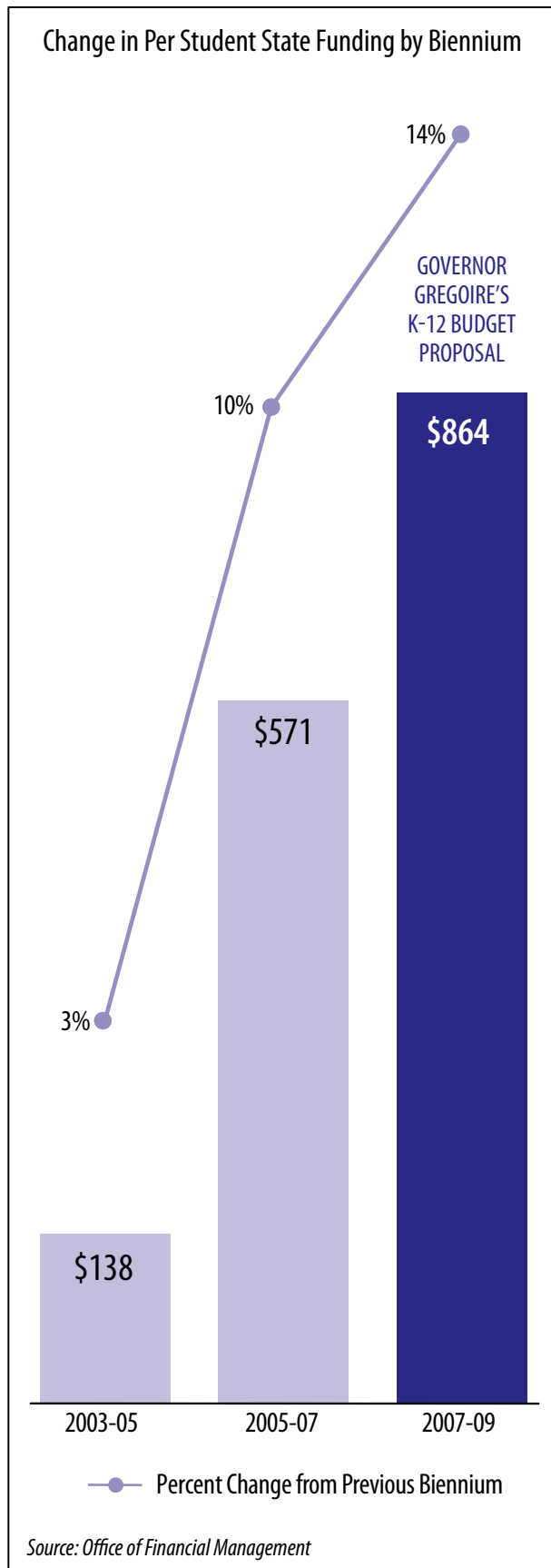
We expect excellence from our state employees, and they deserve to be treated fairly for the work that they do. In 2007, most state employees will receive a 3.2 percent across the board general salary increase. An additional salary step will also be added to each salary range. Those employees who have been at the top step of their range for one year or more will progress to the additional step. Most employees will also receive a 2 percent across the board general salary increase in 2008.

Commissioned officers of the Washington State Patrol will receive a 4 percent across the board general salary increase effective July 1, 2007, and another 4 percent across the board increase the next year.

We will keep experienced staff and attract new qualified staff by making pay more competitive for workers who are paid less than their counterparts outside state government, as shown by a recent salary survey. For example, most nurses will receive an additional 17.5 percent pay adjustment. Prison guards, and other employees in jobs where recruitment and retention is difficult, will also receive significant pay increases as recognition of their role in keeping our communities safe.

In addition to treating all state employees fairly, we are investing in education; over two-thirds of state money spent on salaries is for the teachers and professors that help every Washingtonian learn.

\$1.5 billion Multiple Fund Sources



and technical college system is a world leader. Our research institutions are among the best and are significant engines of economic growth. Our forests and farms boast quality and diversity. Our ports offer access to world markets. Our entrepreneurial spirit and innovative business practices have created whole industries, built on clever ideas and skilled workers. As the global economy changes and new challenges arise, we will build on our successes to move Washington forward.

Governor Gregoire's economic development strategy is to improve skills and talents with world-class education, support our firms and industries, focus our resources on effective programs, and make it clear that Washington is open for business.

World-Class Education

Governor Gregoire knows that our education system must change to give our students the competitive advantage they need to be successful in the global economy.

Investments in education have far-reaching effects. Higher educational achievement results in better paying jobs, stronger communities and reduced rates of crime. In fact, 71 percent of men and 83 percent of women in the state prison system score at less than a ninth grade education level. By investing in education, mentoring and workforce training, we can save taxpayer dollars, improve our communities, keep people out of prison and prepare all of our citizens for good jobs. A world-class education system will offer every Washingtonian the opportunity to achieve personal, professional and economic success.

Since taking office, Governor Gregoire has increased total investments in education by over \$3.9 billion, from the early learning years through K-12 and college and workforce training. These investments will bring fundamental changes in education delivery, expectations and results.

Open for Business

Today's small business is tomorrow's world leader, so Governor Gregoire is helping people start and stay in business. Since 2005, tax cuts passed by the Legislature and signed into law by Governor Gregoire have already reduced business costs by almost \$50

Individuals Benefit with Increased Education

Average Income

Less Than High School
\$19,169

High School Credential
\$28,645

Some College
\$30,177

Associate's Degree
\$36,032

Apprenticeship Completion
\$50,777

Bachelor's Degree
\$51,554

Advanced Degree
\$78,093

Sources: US Census Bureau, 2004 National Earnings Estimates for the Population 18 Years and Over, 2005 Current Population Survey; Workforce Training and Education Coordinating Board Washington State Earning Estimates for Apprenticeship Program Completers in 2004, Workforce Training Results Report, 2006

million this biennium, and will reduce costs further next biennium by nearly \$190 million. Governor Gregoire will continue to lower the cost of doing business with an additional \$226 million in business tax relief, by reducing the unemployment tax rate for new firms by 15 percent and providing a Workers Compensation rate holiday.

Governor Gregoire is bringing more jobs to Washington with a focused recruitment strategy, Team Washington outreach and a stronger network of local economic development partners.

A \$10 million investment in tourism will attract visitors to sightsee, shop, stay and spend. A \$19 million Working Lands Initiative will help family farms and forests stay profitable and productive. Expanded high-speed internet access in rural areas will promote telecommuting and electronic commerce. Businesses will locate here knowing that we offer a supportive tax structure, qualified workers, world-class research and an unparalleled quality of life.

High-Quality, Affordable Health Care

Governor Gregoire is delivering on her promise to provide health insurance access to Washington children. When Governor Gregoire took office, nearly 6 percent of Washington children had no health insurance. We have already made major progress toward covering all kids, and now only 4.4 percent of children are uninsured. Governor Gregoire will make even more progress by providing health insurance access to an additional 32,000 children, covering a total of approximately 624,000 Washington kids. Every Washington child who lives at or below 250 percent of the federal poverty level will have access to health insurance. Governor Gregoire also provides \$26.2 million for universal vaccination of our children to ensure that the next generation is healthy and free from preventable disease.

Governor Gregoire is making sure health care for adults is affordable by using bulk purchasing strategies that have saved us \$46 million in the past two years, and are expected to save an additional \$21 million next year on the purchase of prescription drugs.

Safety & Preparedness

Expanded prison capacity protects our communities from the most dangerous offenders, but Governor Gregoire knows that we must also work to prevent crime and stop the revolving door for prison inmates. For \$25 million, Governor Gregoire is investing in education, treatment, housing and employment opportunities to reduce the risk that people released from prison will re-offend. Better crime-fighting tools will give law enforcement immediate access to criminal histories and investigative information, improving response times and deterrence.

Each year, Washington spends \$6,237 on educating each student, and \$28,632 on incarcerating each prisoner.

Washington's Economic Outlook

Today

The economy in Washington is strong. Since Governor Gregoire took office, Washington has gained more than 154,000 jobs, growth of about 5.6 percent. Over half of these additional jobs are well-paying jobs in construction and professional services, such as employment and legal services, accounting, architecture and computer design. After years of recession, the state recovery has been aided by significant growth in the aerospace industry and very strong growth in the housing sector.

The strength of our economic recovery reflects our solid economic foundation, including a vital export base, strong knowledge-based businesses in technological, professional, health and financial sectors, and a high quality of life.

Washington is outpacing the national rate of job growth. Washington's non-farm employment grew at a rate of 2.4 percent in 2005 and 3.1 percent in 2006, double the national rate, while personal income grew at a rate of 4.2 percent. The aerospace industry continued to expand with an employment increase of 9 percent, and employment in all other manufacturing sectors increased by 2.4 percent. Our unemployment rate fell to 5.1 percent in 2006, the lowest since 2000.

Tomorrow

Washington's economy is expected to remain healthy over the next two years. The economic forecast for 2007 through 2009 shows our economy settling into a moderate growth pattern. The November 2006 forecast by the state Economic and Revenue Forecast Council projected that non-

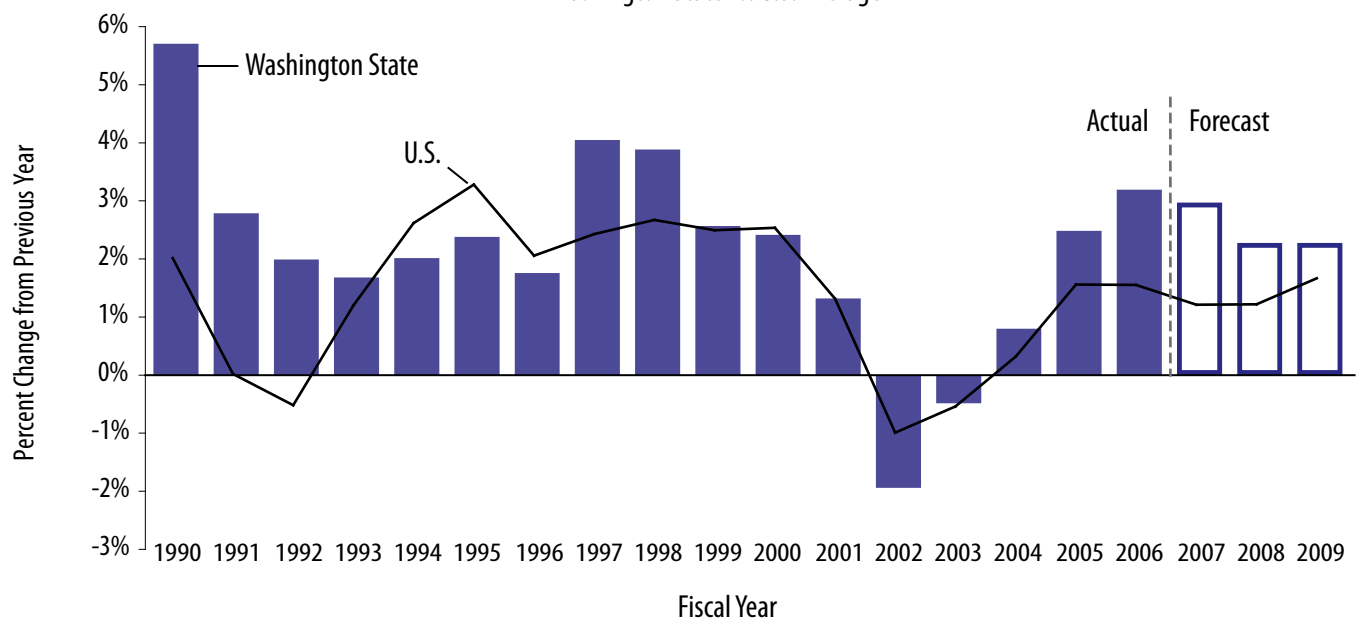
farm employment will likely grow by 2.9 percent in 2007, 2.2 percent in 2008 and 2.2 percent in 2009. These growth rates are significantly higher than the likely national growth rate for non-farm employment of 1.2 percent in both 2007 and 2008 and 1.6 percent in 2009.

A few Washington industries will continue to experience slow employment growth or decline through the next three fiscal years, including the financial activities industry, perhaps reflecting rising interest rates and a slowdown in mortgage refinancing.

In the non-manufacturing sectors, the strongest growth is predicted to occur in business and professional services. Services employment growth is expected to be a solid performer in the state's economy. Construction employment will begin to slow with increases of 6.5 percent, 1.1 percent and 0.6 percent in each of the next three fiscal years. Information employment should grow modestly with an increase of 6 percent in 2007, 1.1 percent in 2008 and 2.9 percent in 2009.

Washingtonians can look forward to personal income growth at levels last seen in the late 1990s, with growth of 7.3 percent in 2007, 6.6 percent in 2008 and 7 percent in 2009. After lagging behind the national personal income growth rate for four of the last six years, employment growth in manufacturing, including aerospace, information, and business and professional services will elevate Washington's personal income growth rate above the national rate for the next three fiscal years.

Percent Change in Non-Farm Payroll Employment
Washington State vs. U.S. Average



Source: Office of Financial Management

If a disaster strikes, whether flood, fire, earthquake or tsunami, Governor Gregoire will be better prepared to get our citizens to safety. Families will have more access to better information about how to prepare for a disaster, and a better communications system for \$13 million will allow first responders to talk to each other and coordinate action to keep us safe.

Puget Sound

Puget Sound is sick. Roads, buildings, parking lots and structures such as dikes and bulkheads have dramatically altered the natural landscape and reduced its ability to sustain life. Toxic chemicals have built up in the Sound's sediments and urban bays. These chemicals have accumulated in fish, shellfish, seals and the orca, and may already be affecting human health. Puget Sound is a national treasure; like the Columbia River and Mt. Rainier, it is a recognized symbol of our state. Every Washingtonian can take pride in restoring its health.

A healthy Puget Sound supports jobs and recreation for all of us. Governor Gregoire is working with local and federal partners to clean up Puget Sound with a \$220 million investment, and the majority of that investment goes directly to cleanup and protection actions. Governor Gregoire's plan will speed the cleanup of toxic chemicals, restore waterways and salmon habitat, help replace old septic systems and overflowing sewers, and reduce the pollution that runs into the Sound after heavy rains.

Transportation

The efficient movement of people and products is the backbone of our economy, so Governor Gregoire is moving traffic, moving freight and moving forward on our construction plan. To make sure that all our people and products are safely linked to each other and to every available market, we are fixing roads, rails and bridges across the state. Safety is Governor Gregoire's primary concern, so we have set a goal of finishing every safety project that we've started, on time and on

budget. We are also fighting traffic by reducing the time it takes to clear accidents, optimally timing traffic signals, and taking cars off the road with more transit options.

Border Crossings

Washington has close ties with British Columbia, and a long history of friendship and flexibility in crossing our shared border. The exchange of products and movement of people is essential to communities on both sides. In order to improve movement across the border while still keeping the border secure, Governor Gregoire has asked federal officials to use a new, voluntary, alternative driver license with enhanced security features, instead of forcing residents to spend months waiting for a costly passport. This simple and affordable approach will keep the border both safe and accessible, and will support tourism, jobs and commerce when British Columbia hosts the 2010 Winter Olympics.

Judicial Independence

Judges should be impartial. In order to protect judicial independence, Governor Gregoire is creating a \$4.4 million pilot project so that the election of judges can be free from money influence—real or perceived. By protecting judicial independence, we protect the public trust in the justice system.

Governor Gregoire is making changes that families can count on. While these changes are significant, government cannot do it alone. All of us—families, businesses and communities—must make a commitment to do our part for Washington's future.

Achieving Results and Increasing Effectiveness through GMAP

Governor Gregoire believes that every agency, every program and every employee must be accountable to citizens every day. Under her leadership, state government is regularly identifying and solving problems, and measuring results.

The Governor meets regularly with agency directors to look at the results they are delivering for Washington. These are called “GMAP” sessions – Government Management Accountability and Performance. GMAP sessions are an opportunity for a candid, public conversation about what is working, what is not, and how to improve results. But it isn’t just talk. Agencies must measure their performance, and when performance is not meeting expectations, Governor Gregoire works with the agencies to make changes and eliminate obstacles to success.

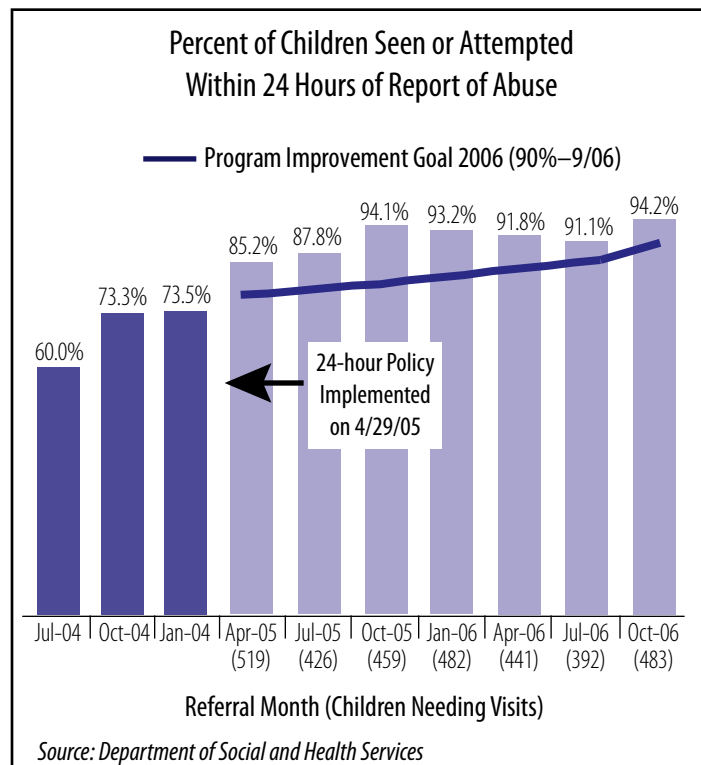
In addition to Governor Gregoire’s GMAP sessions, her cabinet agencies use the GMAP approach to examine their own effectiveness. In this way, her commitment to accountability is put into practice at all levels of state government, from top management to the front-line staff who deliver direct services.

The GMAP process has helped many state agencies achieve very good results. Here are just a few examples of the successes achieved over the past two years because of Governor Gregoire’s commitment to results and accountability.

Protecting Vulnerable Children From Abuse

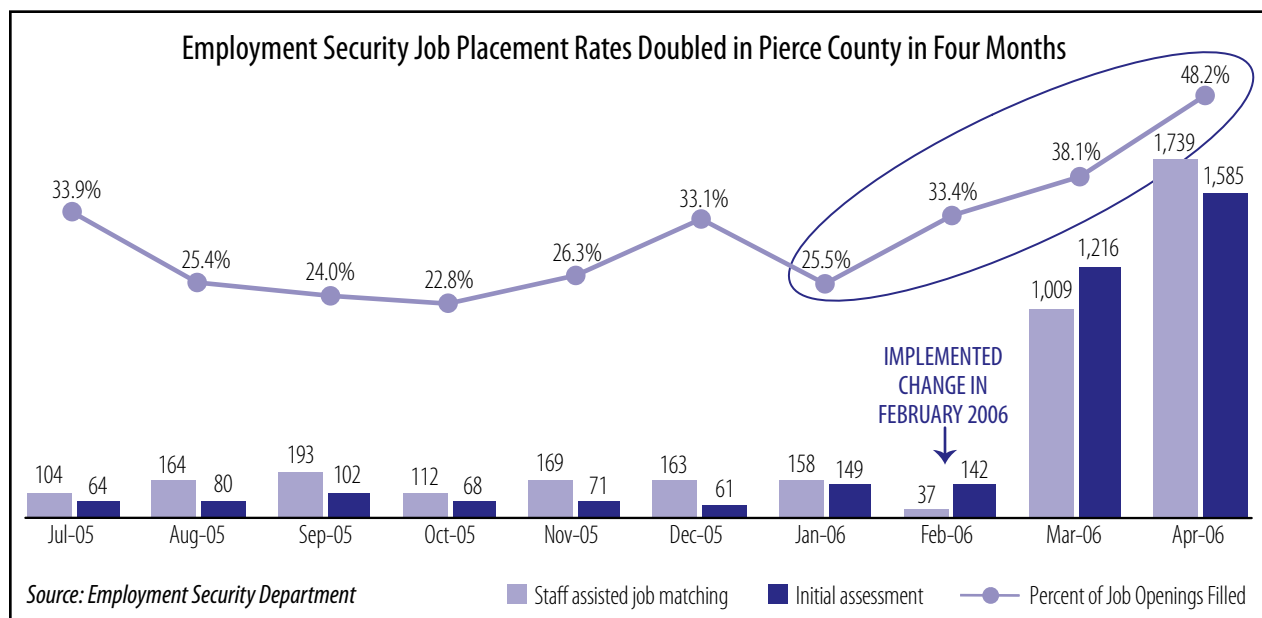
In 2004, the Department of Social and Health Services (DSHS) pledged to cut the amount of time it took to respond to complaints of child abuse and neglect in the foster care system. The agency made some progress, but by March 2005, DSHS staff was responding to emergency abuse complaints within 24 hours in only about 75 percent of the cases.

Because of Governor Gregoire’s personal experience working with abused children, she knew that 75 percent wasn’t good enough. In March 2005, Governor Gregoire told DSHS to do whatever it took to get the emergency response rate up to a minimum of 90 percent. The results have been dramatic. By responding faster, DSHS has significantly reduced the likelihood that a child will be re-abused. Today, Child Protective Services workers are responding to 90 percent of emergency abuse complaints within 24 hours – a 15 percent improvement that helps keep Washington children safe.



Connecting Workers Who Want Jobs With Employers Who Have Openings

The Employment Security Department (ESD) hears from both employers who have job openings and workers who need help finding work. Early this year, a Pierce County ESD manager attended a GMAP session where he noted that the agency’s job placement rate in his region was consistently low. Afterward, he and his staff studied the job placement process in detail, talked with managers around the state and identified which employment services were really working to help people get jobs.



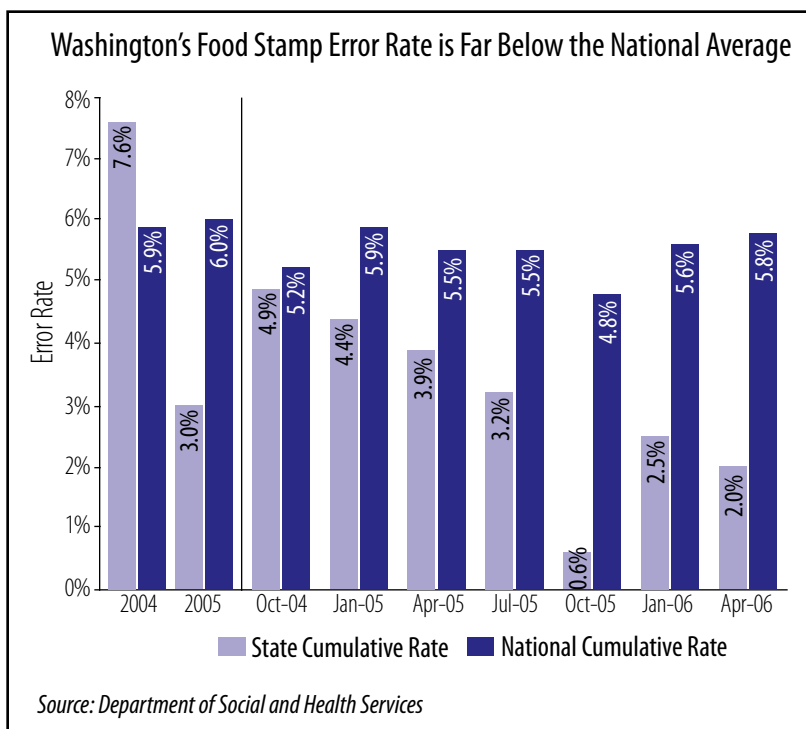
The Pierce County staff began to emphasize those services and set individual performance goals for each employee. The results were immediate. The job placement rate nearly doubled, from 25 percent in January to 48 percent in April. The Employment Security Department is now expanding this successful regional approach statewide.

Food Stamp Turnaround Earns Money For State Taxpayers

Every month, about 500,000 low-income Washingtonians receive Basic Food payments (formerly known as food stamps) to help them keep healthy food on the table. Through this program, about \$600 million per year in federal dollars is used to buy groceries from local businesses across the state.

The complexity of the program and federal requirements virtually guarantee that some errors will be made in awarding benefits. But in Washington, the error rate has been so dramatically reduced by the Department of Social and Health Services that we received a \$4.8 million bonus from the federal government to recognize the achievement. The money was deposited into the state general fund to pay for other necessary services.

According to the U.S. Agriculture Department, Washington's food stamp error rate dropped from 7.62 percent to 2.62 percent from 2004 to 2005 – the best improvement rate in the country.



2007-09 Balance Sheet

General Fund-State

Dollars in Millions

Resources	
Beginning Fund Balance	814.7
November 2006 Forecast	29,533.3
Transfer to Budget Stabilization Account	(134.0)
Streamlined Sales and Use Tax Proposal	(5.9)
Department of Revenue Request Legislation	(2.9)
Liquor Control Board Budget Driven Revenue	11.0
Transfer from Treasurer's Service Account	15.0
Total Resources (including beginning fund balance)	30,231.2
Expenditures	
Governor's Proposed 2007-09 Budget	29,942.6
Reserves	
Projected General Fund Ending Balance	288.6
Judicial Budget Savings	55.0
Budget Stabilization Account	262.0
Total Reserves	605.6

See next page for a display of the 2007-09 GF-S/Related Accounts Expenditure Limit compared to the Governor's Proposed Budget.

Balance Sheet Detail for Revenues

General Fund - State

Dollars in Millions

	<u>2007-09</u>
Department of Revenue Request Legislation	
Administration of tax programs	(0.2)
Business and Occupation (B&O) tax credit for High Technology Research and Development spending	(1.8)
Printing and publishing B&O tax classification	(0.0)
Rural county tax credit	(0.9)
	<u>(2.9)</u>

2007-09 Expenditure Limit Compared to Governor's Proposed Budget

General Fund - State and Related Accounts *

Dollars in Millions

	<u>2007-09</u>
Expenditure Limit Adopted by Expenditure Limit Committee, November 2006	33,284.2
Revisions to Official Expenditure Limit Based on the Governor's Proposed Budget	
Rebase to FY 2007 Expenditures Assuming Proposed 2007 Supplemental Budget	(331.4)
Adjustment for Revenue Fund Shift	(31.6)
Adjustment for Program Cost Shifts from the General Fund/Related Accounts	(48.9)
Adjustment for Program Cost Shifts to the General Fund/Related Accounts	12.1
Expenditure Limit Assumed in Governor's Budget	<u>32,884.4</u>
2007-09 Expenditures Proposed by Governor	32,645.5
Remaining Capacity Under the 2007-09 Expenditure Limit	<u>238.9</u>

* Public Safety and Education Account (including Equal Justice Account), Water Quality Account, Violence Reduction and Drug Enforcement Account, Student Achievement Account, and Health Services Account

EDUCATION

“Education is the single most important investment we can make for our children, our state, our economy and our future.”



Governor Gregoire’s education budget is based on the recommendations of Washington Learns, and will bring fundamental changes in education delivery, expectations and results. She is making significant investments to transform the Washington education system, from early learning through middle school, high school, college and workforce training.

The changes that Governor Gregoire proposes are comprehensive—each component enhances the power of every other component. She is making a 25

percent increase in per student spending. She is changing the education system so that our investments bring better results. She knows that the best way to grow our economy and secure a bright future for all students is to make smart, strategic, responsible and accountable investments in education.

MAKING CHANGES FAMILIES CAN COUNT ON

EARLY LEARNING

Research into the brain development of young children tells us that children are born learning and the first years build the foundation for future learning. Governor Gregoire knows from experience that parents are their children's first and best teacher, so she will help parents by providing information, support, a commitment to high-quality child care and a variety of early education experiences. By investing now in quality early education, we will all benefit later as more students graduate from high school, get and keep good jobs and earn higher wages.

Governor Gregoire's Budget for Early Learning:

**Provides
high-quality
learning
experiences**

Expands our pre-kindergarten program. Serves an additional 2,000 children in the Early Childhood Education and Assistance Program (ECEAP). Improves quality with higher teacher pay and increased family support, promoting stability for children in preschool, and better preparing young children for success in school and in life. *\$27 million GF-State*

Rates child care quality on a five-star scale. Rates state-subsidized child care providers on a five-star scale based on how well they provide early learning experiences to children. This voluntary quality rating system will provide better information to parents to help guide their choices, and will give child care providers an incentive to continuously improve the services they offer. As a child care provider improves its quality rating, the provider will receive higher reimbursement payments for state subsidized children in care. *\$9.3 million GF-State*

**Supports parents and
caregivers**

Provides information for parents and families. Offers culturally appropriate information to parents, family, friends and other caregivers. For those who choose to participate, other parent and caregiver support programs will be available, such as play and learn groups where parents can learn from each other while children play. *\$4.8 million GF-State*

Pays child care providers fairly. Increases the rates paid by the state for children in subsidized care by 10 percent, through a new collective bargaining agreement. Provides equity by allowing the same rate increase for child care workers and child care centers. Also supports health care benefits to child care workers, supplemental payments for infant care and non-standard hours, and training in the subsidy program. *\$85.8 million GF-State*

K-12: ELEMENTARY, MIDDLE AND HIGH SCHOOLS

Our students deserve better training, and we need to provide the tools and opportunities that prepare them for good jobs in the new economy. Governor Gregoire knows that we need to change the system, fix the curriculum and establish international standards. With Governor Gregoire's leadership, we will redesign our education system, beginning with math and science, so that our students can successfully compete with students in other states and nations.

At \$809 million, Governor Gregoire is proposing the largest K-12 school construction budget in Washington history. Improved classroom space, along with new and better regional skill centers and a youth academy for at-risk teens, will ensure that every student has room to learn.

Governor Gregoire's Budget for K-12:

Improves math and science **Increases student achievement in math and science.** Reduces class size to 25 students for each teacher. Recruits 750 more math and science teachers. Provides additional time for teacher training and coaching assistance. Aligns curriculum and testing to international standards. Provides loan forgiveness programs and specialized preparation programs for professionals with math and science expertise. This high-quality, rigorous, consistent math and science program will ensure that we teach to an internationally recognized curriculum, test to the concepts that we teach, and prepare students to succeed. *\$107.4 million GF-State, \$46.8 million Education Legacy Trust Account-State*

Expands hands-on science learning. Expands the Leadership and Assistance for Science Education Reform (LASER) program into 1,000 additional K-8 classrooms across the state. LASER is a public-private partnership that provides complete toolkits for hands-on science projects, with teacher training, research-based models for learning and community support. *\$12.1 million GF-State*

Continues to reduce class sizes. Reaches the intended \$450 per student funding for Initiative 728 in the 2007-08 school year and increases per student funding by inflation in subsequent years. School districts are expected to prioritize this funding for class size reductions in grades K-3. *\$139.0 million Student Achievement Fund-State*

Focuses on learners **Personalizes learning in the early years.** Demonstration projects will use best practices based on developmental research to provide students in kindergarten through third grade with varied experiences to develop their learning skills in reading, math, science, art, social studies and foreign languages. Students will be grouped based on their abilities and interests rather than their age, and smaller learning groups will allow more individualized instruction and attention. *\$9.5 million Education Legacy Trust Account-State*

Expands all-day kindergarten. Phases in voluntary all-day kindergarten, focusing first on schools with high-poverty levels in order to serve the students who will benefit most from additional learning time and attention. Students who attend all-day kindergarten are more likely to read at grade level, have good attendance and do well in school. *\$41.6 million GF-State*

Supports special education. Offers more opportunities for students with special needs, applying learning experiences informed by data and best practices and delivered by skilled teachers and paraprofessionals. *\$63.4 million GF-State*

Helps struggling students pass the WASL. Provides a variety of intensive learning options, test preparation and tutoring to students who have been unsuccessful on one or more of the 10th grade WASL tests in reading, writing and math. Extends assistance through 12th grade. *\$50 million GF-State*

Coordinates instruction for English-language learners. Creates pilot programs to evaluate emerging best practices and provide time for bilingual education teachers and classroom teachers to coordinate. Identifies essential competencies that all teachers need to assist English-language learners. *\$880,000 GF-State, \$1.3 million Education Legacy Trust Fund*

Keeps students healthy. Expands the reduced-price student breakfast program to include more low-income students. Nutritious breakfasts improve students' overall health and their ability to succeed in school. *\$1.5 million GF-State*

Provides world-class teachers and leaders

Rewards outstanding teachers. Develops a new performance-based professional educator salary system. As an initial step toward this new system, teachers who earn certification from the National Board for Professional Teaching Standards will receive a 10 percent raise for achieving this high standard, plus another salary increase for teaching in schools with students needing the most help, and an additional increase if they are certified in math or science. *\$7.5 million GF-State*

Raises teacher pay and provides more equity between school districts. Increases salaries for teachers and other K-12 staff increases by 3.4 percent in the 2007-08 school year and 2.6 percent in the 2008-09 school year, consistent with Initiative 732. Reduces inequities between school districts by providing salary increases to those districts that are far below the top state salary allocations for teachers, administrators and classified K-12 staff. *\$409.6 million GF-State*

Creates professional licensure and development systems. Designs a single teacher assessment to assure that teachers meet preparation expectations. Recognizes that top teachers and school leaders play a vital role in school success with a public-private partnership for a new principal and superintendent leadership development program. *\$1.7 million GF-State*

Holds schools accountable

Tracks educational accomplishment and financial security. Develops an accountability system for K-12 that measures progress and provides assistance to school districts to meet high expectations. Collects data for better review of budget and program implementation, and monitors the long-term financial health of school districts. *\$1.8 million GF-State*

Develops a new transportation funding formula. Follows the Joint Legislative Audit and Review Committee's recommendation with an evaluation by the Office of Financial Management to develop a new transportation funding formula. *\$280,000 GF-State*

Benchmarks progress toward world-class education. Uses the Global Challenge States, the eight states ranked highest for their potential to compete in the global economy, as a benchmark for competitive compensation for teachers and faculty, per-student funding and student achievement outcomes.

Global Challenge States: How Washington Measures Up

Children Enrolled in Preschool	K-12 Expenditure per Student	K-12 Student-Teacher Ratio
1 Virginia	1 New Jersey	1 Virginia
2 New Jersey	2 Connecticut	2 New Jersey
3 Connecticut	3 Massachusetts	3 Connecticut
4 Massachusetts	4 Maryland	4 Massachusetts
5 Maryland	5 Virginia	5 Maryland
6 California	6 Colorado	6 Colorado
7 Colorado	7 WASHINGTON	7 WASHINGTON
LAST WASHINGTON	8 California	8 California

HIGHER EDUCATION: COLLEGES AND UNIVERSITIES

Higher education trains the workers that will get the highest paying jobs. Instead of exporting work and importing workers, Governor Gregoire will make sure that Washington students are well-trained with the skills that are in high-demand by local employers.

Governor Gregoire's Budget for Higher Education:

Prepares people for good jobs in Washington	Enrolls more students in high-demand programs. Provides more qualified workers in high-demand fields, such as engineering, math and science education, nursing and other health care occupations. Provides more than 3,300 new high-demand enrollment slots in colleges and universities, including new spaces in apprenticeship programs and Integrated Basic Education Skills and Training programs. Expands the UW Schools of Medicine and Dentistry and the WSU Nursing School to provide more doctors, dentists and nurses to the inland Northwest. <i>\$10.4 million GF-State, \$49.7 million Education Legacy Trust Account-State</i>
	Establishes the GET Ready for Math and Science Scholarship. Encourages middle and high school students to perform well in math and science and pursue high-demand, math- and science-related degrees in college. Purchases Guaranteed Education Tuition (GET) shares through a public-private partnership to provide four-year college scholarships to 500 students each year, beginning with the class of 2010. <i>\$14 million Education Legacy Trust Account-State, \$14 million raised by the College Success Foundation</i>
	Creates the Regional Opportunity Grants program. Trains low- and middle-income adults to prepare them for jobs that local employers need to fill immediately. Awards grants covering community and technical college tuition, books and fees for up to 45 credits to 1,600 adults. Participants will earn credentials or certificates in occupations determined by local industry to need more skilled employees. <i>\$5 million GF-State</i>
Makes college tuition affordable and predictable	Freezes tuition at Community and Technical Colleges. Keeps our 34 community and technical colleges affordable, with no increases in tuition or fees for the next two years. <i>\$19.7 million GF-State</i>
	Expands eligibility for State Need Grants. Maintains financial aid for all students whose families earn up to 65 percent of Washington median family income (\$45,000 for a family of four) and expands eligibility to students taking only one class per term. <i>\$28.8 million Education Legacy Trust Account-State</i>
	Caps tuition increases at colleges and universities. Limits annual tuition increases to no more than 5 percent at regional schools and no more than 7 percent at research universities, to give students and families more predictability as they make plans for college. <i>No extra cost</i>
	Increases access to colleges and universities. Makes room for over 5,000 new students in general enrollments at two- and four-year institutions. <i>\$48.7 million Education Legacy Trust Account-State</i>

- Expands opportunities** **Expands research.** Increases research capacity for global health at the University of Washington, and for agriculture and alternative fuels at Washington State University. This academic research provides expertise to create and test new products with commercial applications. *\$14.3 million GF-State*
- Expands mentoring for low-income and “first generation” college students.** Expands proven programs that provide academic assistance, mentoring and career planning for low-income and first generation students during middle and high school, and the first years of college. These programs greatly increase the return on the state’s investment in enrollments, financial aid and scholarships. *\$2.5 million GF-State, \$7 million Education Legacy Trust Account-State*
- Establishes Washington Learns Scholarships.** Provides college scholarships to low-income students and students from families in which neither parent completed a baccalaureate degree. Students will be notified in the 7th grade that if they graduate from high school with at least a “C” average, they will be eligible for financial aid to cover tuition, books and fees for up to four years. Begins purchasing Guaranteed Education Tuition (GET) shares now for the first class of Washington Learns Scholars. *\$5 million Education Legacy Trust Account-State*
- Addresses next steps for the Snohomish-Island-Skagit County region.** Develops a master business plan and site selection process to address unmet baccalaureate needs in the region. *\$2 million Capital*
- Raises faculty pay and improves equity.** Provides salary increases and other benefits to faculty and staff at community and technical colleges and regional and research universities. Narrows the gap between full- and part-time faculty pay in community and technical colleges. *\$212.3 million GF-State, \$175.7 million other funds*

Global Challenge States: How Washington Measures Up

Associates Degrees per 1,000 Population	Bachelor’s Degrees per 1,000 Population	Advanced Degrees per 1,000 Population
FIRST WASHINGTON	1 Massachusetts	1 Massachusetts
2 California	2 Connecticut	2 Connecticut
3 Colorado	3 Colorado	3 Maryland
4 Virginia	4 Virginia	4 Colorado
5 New Jersey	5 Maryland	5 Virginia
6 Massachusetts	6 WASHINGTON	6 New Jersey
7 Maryland	7 New Jersey	7 California
8 Connecticut	8 California	LAST WASHINGTON

JOBS & ECONOMIC DEVELOPMENT

“Our economy must be based on a philosophy of ‘Washington grown and Washington owned,’ with family-wage jobs for every Washingtonian.”



Washington workers and businesses are competing with businesses and workers around the globe from China to Ireland to India. In a world where economic rewards are achieved through education, innovation and research, Washington will be a global leader by using smart strategies, emphasizing our advantages and forging strong alliances across regions.

A strong economy creates family-wage jobs for Washingtonians. Governor Gregoire is preparing us to succeed in The Next Washington, with targeted state

investments that promote dynamic regional economies, globally competitive industries and highly skilled workers.

MAKING CHANGES FAMILIES CAN COUNT ON

Governor Gregoire's Budget for Economic Development:

Innovates to create jobs

Turns research into products. Increases research capacity for global health at the University of Washington, and for agriculture and alternative fuels at Washington State University. This academic research provides expertise to create and test new products with commercial applications in the global economy. *\$6.3 million GF-State for University of Washington, \$7 million GF-State for Washington State University, \$1 million GF-State to turn research into products*

Invests locally. Creates an Innovation Partnership Zones program to recognize areas where globally competitive companies and research institutions team up to drive the local economy with new products, skills training and local reinvestments. *\$5 million Capital*

Expands high-speed internet access. Provides better and faster internet infrastructure to promote telecommuting and e-commerce in rural parts of the state. *\$5 million Capital*

Links entrepreneurs with “angel” investors. Innovators and entrepreneurs often need help finding the funding to bring their ideas to market. In other words, they need an investor, an angel, who will show them the way. Connecting our creative entrepreneurs with venture capital funds can work wonders. *\$200,000 GF-State, competitive, performance-based contract*

Improves job market information. Provides new tools to meet emerging workforce needs around the state and assist local decision-makers with reliable, timely and useful regional job and economic information. *\$820,000 Administrative Contingency Account-State*

Expands new economic development tools. Doubles the competitive part of the Local Infrastructure Financing Tools (LIFT) program, created in 2005 to allow local governments to borrow against future project revenue in order to obtain immediate financing for local infrastructure needs. *\$5 million Local Funds*

Shows that Washington is Open for Business

Promotes tourism. Substantially improves the marketing of Washington as a tourist destination. Establishes a public-private partnership to attract more visitors to sightsee, shop, stay and spend. *\$9 million Other Funds, \$856,000 GF-State for 2010 Olympics*

Reduces the cost of new business. Cuts Unemployment Insurance taxes for new employers by 15 percent. Lowers the taxes for new employers from 115 percent of their industry average to 100 percent of their industry average. *\$13 million Unemployment Insurance Trust Fund*

Gives business a break in Medical Aid payments. Provides a rate holiday on paying premiums into the Medical Aid Fund. The Department of Labor and Industries proposes to give businesses a temporary rate holiday in the second half of 2007, for a reduction in the rates paid by both employers and employees. *\$315 million Medical Aid Trust Fund*

Invests locally to bring new jobs to Washington. “Team Washington” unites state and local partners in a new spirit of cooperation to target growing and globally competitive companies with a marketing campaign to encourage them to relocate in Washington, bringing jobs and local economic investments. Marketing includes outreach and improved web presence. Supports local partners of Team Washington, reaching every county in the state with more secure funding and stronger performance measures. This is the first significant investment in this local network in 16 years. *\$6.6 million GF-State for local partners, \$430,000 GF-State for statewide support*

Expands Small Business Development Centers. Opens new offices in Grays Harbor, Kelso and Pullman, and expands services at all SBDCs. These centers help new businesses draft business plans and explore financing options so that they are more likely to succeed. *\$757,000 GF-State*

Invests in new enterprise. Creates a loan fund so that small businesses just starting out can get the loans they need to be successful. *\$2.4 million Capital*

Eases taxes on rural small businesses. Makes it easier for rural businesses to qualify for the rural county Business and Occupation tax credit, which is granted when jobs are created. Allows the credit for positions that are temporarily vacant or seasonal and allows a business to apply for the tax credit within 90 days after creating and filling the new jobs rather than before the jobs are created. Treats businesses equally by changing the base year from a calendar year to the previous four calendar quarters. *\$870,000 GF-State*

Encourages research and development. Simplifies the Research & Development (R&D) tax credit by making an eligible firm’s R&D credit base equal to the amount of its R&D spending, instead of the more complex calculation currently required. *\$1.8 million GF-State*

HEALTH CARE

“Washington families must have access to high-quality, affordable health care.”

Productive and vibrant communities depend on healthy people, and Washington families will stay healthy with better access to high-quality, affordable health care. Governor Gregoire is making state-funded health care a model of efficiency.

Governor Gregoire is investing in medical care that works. We will make health care options easier to evaluate and use information technology to better manage our health. We will take personal responsibility for our health with smart choices, but also have guidance and information to get the most out of our care. We will continue to remove barriers, encourage responsibility for healthy choices, and use the latest research to make sure that Washingtonians have access to high-quality, affordable care.



MAKING CHANGES FAMILIES CAN COUNT ON

Governor Gregoire's Budget for Health Care:

Provides high-quality health care

Delivers on our promise to provide health insurance for children. Ensures that all children eligible for state health care programs are enrolled so that they may access care and stay healthy. Expands outreach to inform families that their children can get state health insurance coverage. Covers an additional 32,000 Washington kids. *\$30.8 million GF-State, \$29.8 million federal funds*

Gives pediatricians a fair reimbursement. Ensures that children covered by Medicaid get the medical treatment they need by increasing the rates paid for pediatric services to equal to the rates paid for these same services under the State Employee Uniform Medical Plan. *\$15.8 million GF-State, \$13.4 million federal funds*

Covers prescription co-pays for seniors on Medicare. Helps seniors and other vulnerable populations who are enrolled in the new Medicare prescription drug program, Part D, to cover the cost of their prescription drugs. Because these people lack the resources to pay on their own, Governor Gregoire negotiated one-time federal funding last year to cover the co-pays, while seeking federal action to cover these costs in the future. Until the federal government acts, we will make sure that low-income seniors and others with debilitating conditions continue to have access to life-saving medications. *\$6.08 million GF-State*

Makes prescription drugs more affordable. Partners with Oregon to expand the Prescription Drug Consortium, using evidence-based and bulk purchasing strategies that have saved the state \$46 million in the past two years and are expected to save an additional \$21 million next year in the purchase of prescription drugs. *\$871,000 Health Services Account*

Manages chronic illness better. Modifies the Washington State Collaborative to train providers in delivering a “medical home” chronic-care model. Changes chronic care management from focusing on a single disease to addressing multiple, interrelated conditions. Incorporates the concept of a medical home into programs currently assisting patients who struggle with multiple chronic diseases, such as diabetes, asthma and congestive heart failure. *\$2.2 million GF-State, \$816,000 federal funds*

Keeps foster kids healthy. Improves care for foster children with a pilot Center for Foster Care Health Services, which provides medical evaluations within 72 hours of a child's entry into foster care, timely access to medically necessary primary and specialty health services, and a medical home for one-stop coordinated care. *\$972,000 GF-State, \$1 million federal funds*

Promotes prevention and responsibility

Increases childhood immunizations. Supports routine immunizations and provides new vaccines for rotavirus, which causes childhood diarrhea, the virus associated with cervical cancer and chicken pox. Maintains Washington's designation as a “universal vaccination” state by the Centers for Disease Control, protecting all our children from preventable disease. *\$26.2 million Health Services Account*

Prevents and treats disease. Increases testing, education, prevention and treatment for sexually transmitted diseases, including HIV, chlamydia and gonorrhea. *\$5.1 million GF-State, \$1.4 million local funds*

**Provides better
information**

Protects the public health. Investigates communicable diseases in a timely fashion. Promotes public awareness of healthy lifestyles, including nutrition and physical activity. *\$10 million GF-State*

Helps people figure out cost and quality. Supports statewide expansion of the Puget Sound Health Alliance's common database to provide Washingtonians with accurate, consistent information on the quality and cost of health care services. The Puget Sound Health Alliance brings together providers, carriers, consumers and employers to address health care quality and costs. *\$2 million Health Services Account*

Provides better information for families. Pilots a health care literacy program that gives families the tools they need to make informed decisions about their children's health, such as when to go to the emergency room and how to take care of common illnesses. Provides grants to local community organizations in a public-private partnership with Johnson & Johnson and the Johnson & Johnson/UCLA Health Care Institute. *\$442,000 Health Services Account*

Helps people navigate the health care system. Creates a pilot "health navigator" system to assist racial, ethnic and cultural minorities in obtaining quality care. Minorities are at disproportionate risk of receiving poorer health care due to language and cultural barriers. Health navigators will help people through the health care system, ensuring that patients receive high-quality and timely care. *\$1.4 million GF-State*

**Improves the use
of information
technology**

Expands technology compatibility among providers. Gives patients and providers better access to medical records. Demonstrates health information systems that can talk to each other from anywhere in the state, similar to how consumers access their bank account information. Establishes a public-private partnership to help providers install health information technology systems. *\$9 million Health Services Account*

Connects state health care facilities with electronic medical records. Develops a strategy to incorporate the use of electronic medical records in state facilities such as Eastern and Western State Hospitals and the Departments of Social and Health Services, Corrections and Veterans Affairs, to ensure that patients and providers have timely and secure access to health information. *\$2.7 million GF-State*

SUPPORTING MILITARY FAMILIES

“Military families lead our country with loyalty, honor, commitment and perserverance.”



Our National Guard protects and helps us in difficult times, during floods and fires and other catastrophic disasters. The Guard represents Washington and the U.S. proudly while serving in other states and on foreign shores. With thanks for all that they do, Governor Gregoire honors the service and sacrifice of our military personnel and veterans as well as their families.

MAKING CHANGES FAMILIES CAN COUNT ON

Governor Gregoire's Budget for Supporting Military Families:

Honors service and sacrifice. Constructs a new Eastern Washington Veterans Cemetery in Spokane County so that every year 500 veterans may be buried near their families and communities and honored for their service and sacrifice. *\$206,000 GF-State, \$7.8 million Capital*

Welcomes veterans returning from Afghanistan and Iraq. Expands support for veterans who served in Iraq and Afghanistan with increased outreach and counseling for post traumatic stress. Continues to support community-based veteran networks to help returning veterans readjust to their communities. *\$700,000 GF-State*

Helps schools serve military kids. Creates the Operation Military Kids partnership to develop and provide information to teachers and schools about the impact on families of post traumatic stress and war trauma. Helps educators serve the nearly 8,000 school-age children whose parents are currently deployed or returning from active duty. *\$50,000 GF-State*

Supports service by state employees. Creates a Uniformed Services Shared Leave Pool for state employees. The many state employees who serve in our Guard and Reserves take a pay cut when they get called up to serve our country, and also risk losing their health insurance for their spouses and children. With this shared leave pool, state employees will be able to donate their leave to help their colleagues who are defending our country. *\$150,000 GF-State*

Remembers our history. Helps remodel the Nisei Veterans Committee Memorial Hall to honor Japanese-American soldiers who served in World War II and other wars and conflicts. *\$250,000 Capital*

Helps homeless veterans. Helps homeless veterans move toward independent living with a transitional housing program. Up to 40 veterans can be served at one time with assessment, treatment, education and job search activities to help them become self-sufficient and reengage in their communities. *\$612,000 GF-State, \$711,000 federal funds*

PUBLIC SAFETY

“Let’s work together to protect Washington families from crime and make sure the state is prepared for emergencies.”



Governor Gregoire will continue to ensure that Washington families are safe and secure in their communities. Providing for public safety and preparing for emergencies is one of government’s primary responsibilities. Working together, we can prevent harm and keep our children, our seniors, our streets and our neighborhoods safe.

Governor Gregoire will help keep Washington safe by improving the response to and prevention of crime, making room to incarcerate convicted

felons, rehabilitating adult and juvenile offenders, preparing for disasters and making our roads safer.

MAKING CHANGES FAMILIES CAN COUNT ON

Governor Gregoire's Budget for Public Safety:

Treats and confines offenders **Keeps communities safe from felons.** Reduces repeat criminal activity, confines felony offenders, keeps track of offenders after they complete their sentences and helps former offenders become productive members of society. *\$86.2 million total*

- **Reduces recidivism and crime.** Expands and coordinates programs to target the primary causes of repeat criminal activity, emphasizing education, workforce skills and treatment programs that address dependency and mental health issues. Provides employment opportunities for people leaving prison, reducing the risk that they will commit future crimes. These efforts are projected to eliminate the need for at least one 1,000-bed prison by 2017. *\$24.6 million GF-State*
- **Incarcerates offenders.** Constructs 476 additional prison beds to meet forecasts of incoming offenders and ensure a safe working environment for prison staff. *\$37.3 million Capital*
- **Confines dangerous sex offenders.** Completes construction of the Special Commitment Center on McNeil Island. *\$21 million Capital*
- **Treats illness.** Ensures that mentally ill and sex offenders are better managed and receive the treatment they need both before and after release from prison to reduce the risk they pose to the community. *\$2.6 million GF-State, \$100,000 federal funds*

Helps troubled kids. Reduces youth criminal behavior by involving families and communities, better managing kids in institutions and integrating treatment throughout the juvenile system. *\$7.7 million total*

- **Involves communities.** Helps local communities, families and friends use scientifically proven treatment strategies for at-risk youth. *\$2.8 million Reinvesting in Youth Account*
- **Better manages juvenile facilities.** Improves safety at Juvenile Rehabilitation facilities. *\$1.8 million GF-State*
- **Provides comprehensive treatment.** Uses an integrated treatment model to provide a continuum of care and encourage families to get involved to reduce repetitive criminal behavior. *\$3.1 million GF-State*

Prevents and responds to crime **Protects children on the internet.** Puts more detectives to work in the State Patrol's Internet Crimes Against Children Detachment to keep our kids safe from online predators. *\$282,000 GF-State, \$187,000 State Patrol Highway Account-State*

Invests in new crime-fighting tools. Deploys the JINDEX justice information network so that cops on the street will have better real-time access to criminal histories and investigative information. Allows all law enforcement partners to process and file traffic citation and vehicle collision data through eTrip, an automated system that provides better information and saves time. *\$4.3 million Multiple Fund Sources*

Determines competency to stand trial. Reduces delays in the required evaluation and

Determines competency to stand trial. Reduces delays in the required evaluation and treatment of people accused of crimes who may have mental disorders to determine if they are competent to stand trial. *\$1.2 million GF-State*

Expands forensic laboratory services. Reduces the wait time for crime scene and toxicology testing, which is crucial to the effective investigation of crime and prosecution of criminals. *\$4.6 million Multiple Fund Sources*

Protects victims. Keeps victims of crime informed about the status of offenders and encourages their active participation in their continued safety. Maintains a statewide Automated Victim Information and Notification system (SAVIN). *\$3.2 million Public Safety and Education Account-State*

Guards our border. Facilitates secure and speedy border crossings between Washington and British Columbia, in anticipation of the 2010 Olympic Games. Introduces a voluntary state alternative driver license and identification card with enhanced security features to ease border crossings for our citizens. Improves border security with better technology and validation of citizenship at the time the new license or ID is issued. *\$9 million Highway Safety Account-State*

Prepares for disasters and emergencies

Improves emergency communications. Expands the geographic coverage and number of emergency interoperable communications channels available to Washington public safety providers. Uses improved technology to integrate local radio systems, so that first responders can more easily talk to each other at disaster sites. Creates a pilot digital communications program in Homeland Security Region 1 to prepare for the 2010 Olympic Games. *\$3 million GF-State, \$10 million Enhanced 911 Account-State*

Maps schools to protect kids. Provides public safety officials with up-to-date information on school layout, utilities, personnel and evacuation routes in order to effectively respond to emergencies and protect students at public schools. Completes the mapping program with comprehensive emergency assessments of the final 725 schools. *\$6.2 million Capital*

Alerts residents to breaking disasters. Expands and improves the signal quality of the Emergency Alert System, which provides critical information to the public and government officials about how to save lives and property during natural disasters and evacuations. Expands coverage to 95 percent of the state's population and provides a secure internet-based system that will be more reliable. *\$276,000 GF-State*

Provides backup for safety infrastructure. Expands the Disaster Recovery and Business Continuity Center in eastern Washington so that the State Patrol's mission-critical data and telecommunications systems will remain operational if there is a large-scale disaster. *\$795,000 GF-State, \$1.5 million State Patrol Highway Account-State*

Plans and trains for emergencies. Develops plans and training exercises for state, local and federal agencies so that each agency is ready to respond to different types of disasters and emergencies. *\$547,000 GF-State*

Keeps roads safe **Improves commercial vehicle safety.** Requires a higher level of skills and knowledge from commercial vehicle drivers and requires that they pass more stringent tests before obtaining a commercial driver license. *\$2.9 million Highway Safety Fund-State*

Stops drunk drivers. Uses in-car video cameras, new breath test equipment and improved information technology to combat drunken driving. *\$1.4 million State Patrol Highway Account-State*

Reduces motorcycle deaths. Educates riders on how to ride safely. Expands the Motorcycle Task Force's three-prong initiative focusing on skills, education and enforcement to limit the number of motorcycle riders killed and injured on Washington roads. *\$716,000 Motorcycle Safety Education Account-State*

HUMAN SERVICES

“Washington is like a family, and strong families take care of their most vulnerable.”



Great societies are judged on how they treat their most vulnerable—children, people with disabilities, and seniors. Governor Gregoire believes that we must treat Washington’s most vulnerable people with dignity, honesty and respect.

Governor Gregoire will maintain and improve the state safety net to protect our most vulnerable individuals, invest in high-quality services and strengthen the services that support people in achieving greater self-sufficiency.

MAKING CHANGES FAMILIES CAN COUNT ON

Governor Gregoire's Budget for Human Services:

Protects vulnerable people

Cares for foster children. Provides monthly caseworker visits for children in foster care to monitor their safety and well-being and to ensure that case plans are progressing as expected. Improves reimbursements to foster parents and providers of specialized behavioral rehabilitation services. Increases funding to meet the mental health treatment needs of foster children. Provides resources to purchase clothing for foster children. *\$22.5 million GF-State, \$7.5 million federal funds*

Keeps families together. Conducts more thorough searches for extended family members who might care for children who cannot safely remain in their parents' home and increases the number of relative placements. Helps relative caregivers with more support to meet the needs of children in their care. *\$2.3 million GF-State*

Improves the child welfare system. Trains social work staff to use evidence-based clinical practices to improve family functioning and reduce child maltreatment. Establishes outcome-based contracts to help tribes provide services to an increasing number of children and families. Ensures continued oversight of the state's child welfare system. *\$13.8 million GF-State, \$10.5 million federal funds*

Meets immediate needs of people with developmental disabilities. Ensures that funding continues to be available for appropriate services as the state's new, more rigorous needs-assessment tool identifies additional needs among people served by the Medicaid community services program. Provides additional residential capacity to support people who are leaving hospitals and detention facilities, who are aging out of the children's foster care system, or whose caregivers are aging and are finding it difficult to continue to provide adequate care. Enhances payment rates to community residential service providers to assure access and quality services. *\$42.9 million GF-State, \$58.7 million federal funds*

Improves staff and client safety. Increases staff at Western State Psychiatric Hospital during meal times to reduce the risk of patient assaults on other patients and staff. Trains staff in state mental institutions on intervention techniques to manage patient behavior. Increases the number of case workers for people with developmental disabilities who have behaviors that might present a significant risk to themselves or other members of the community. *\$3.5 million GF-State, \$1.4 million federal funds*

Supports community-based services for mental health or chemical dependency treatment needs. Expands community-based outpatient and inpatient mental health treatment services for people who do not meet the financial eligibility requirements for the state and federal Medicaid program. Increases payment rates to providers of community-based drug and alcohol treatment services. *\$20.1 million GF-State, \$2.1 million federal funds*

Ensures quality and access in long-term care. Protects our most vulnerable from abuse by requiring frequent communication with vendors about their compliance with licensing standards. Increased staff will conduct unannounced visits to newly licensed facilities, follow-up more frequently with vendors receiving enforcement actions and investigate allegations of mistreatment. Offers choices in residential settings for the

elderly, by providing a rate increase for boarding homes and adult family homes of 3.2 percent in the first year of the biennium and 2 percent in the second year. *\$10.6 million GF-State, \$10.3 million federal funds*

Increases wages for home care workers. Increases home care workers wages as a result of a collectively bargained contract. Also provides differential pay when home care workers serve as mentors or trainers and reimburses workers for client-related travel and other benefits. Agency providers are provided parity with the increase given to individual home care workers. *\$50.2 million GF-State, \$52.8 million federal funds*

**Helps people
become more self-
sufficient**

Provides community-based supports for families. Expands flexible support funding for families to help them get the respite care, specialized equipment or other services that enable their developmentally disabled family member to live at home. Helps people with developmental disabilities get and keep jobs so that they are more self-sufficient. Expands supports to people caring for their elderly family members. *\$9.6 million GF-State, \$2.8 million federal funds*

Promotes self-sufficiency for low-income families. Establishes a post-TANF (Temporary Assistance for Needy Families) program to help families get off and stay off welfare. Helps families stay employed, move into higher paying jobs, increase family stability and improve child outcomes. Allows more of the state-collected child support dollars to go directly to families to help them get out of poverty. *\$13.2 million GF-State, \$4.9 million federal funds*

Increases affordable housing to prevent homelessness. Expands the successful Housing Trust Fund program, increasing the number of affordable housing units available to families transitioning from being homeless or escaping domestic violence situations. The program also assists disabled individuals and seniors who do not have the resources to rent housing. *\$140 million Capital*

Helps families affected by closures of manufactured home parks. Expands the Mobile Home Relocation Assistance program to help low-income people who must move their mobile homes due to park closure. *\$4 million GF-State*

Collects child support. The federal Deficit Reduction Act reduced funding for mandatory programs and increased reporting requirements with no new funding. Among the programs the state must now directly fund is the collection of child support for about 380,000 families in Washington. *\$16.1 million GF-State*

NATURAL RESOURCES

“Our natural environment is essential to our economy and our quality of life, providing good jobs and recreation for Washington families.”

Washington was built on family farms and forests, on fishing and boating, and on the values of clean air, clean water and access to open spaces. Governor Gregoire is committed to protecting our natural resources and the jobs and recreation that flow from those resources.

She is taking the lead on restoring Puget Sound, improving profitability and predictability for our farmers and family forest landowners and investing in parks to improve services for visitors. She will help Washington farmers grow our next energy crops and ensure fuel quality to help our state develop energy independence.



MAKING CHANGES FAMILIES CAN COUNT ON

Governor Gregoire's Budget for Natural Resources:

Keeps our environment clean	<p>Protects and restores Puget Sound. Based on the priorities of the Puget Sound Partnership, strengthens policies and targets investments to protect and restore essential fish and wildlife habitat, speeds up control and cleanup of pervasive toxics and areas with immediate septic problems, reduces polluted stormwater runoff and creates a citizen partnership. <i>\$8.4 million GF-State, \$211.7 million other funds</i></p> <ul style="list-style-type: none">• Cleans up & prevents toxic pollution. Cleans up over 60 contaminated sites within a half-mile of Puget Sound. Phases out use of toxic flame retardants, which are rapidly contaminating sediments and finding their way into fish and people. <i>\$54.7 million</i>• Restores damaged shorelines. Provides salmon habitat, restores shorelines to more natural conditions, removes creosote logs and removes abandoned vessels. <i>\$37.4 million</i>• Reduces stormwater runoff. Helps cities and counties meet new standards to improve stormwater management, retrofit old stormwater systems and pilot low-impact development techniques that reduce the amount of toxic stormwater runoff after heavy rains. <i>\$25.3 million</i>• Cleans up septic pollution. Invests in a public-private partnership to help homeowners upgrade failing septic systems and help local governments improve septic system programs. Wastewater treatment will be improved, along with water reuse projects. Ensures shellfish protection plans are implemented and reopens shellfish beds that have been closed due to failing septs. <i>\$56.3 million</i>• Protects essential habitat. Protects riparian areas, floodplains, forested habitats and marine shorelines and enforces state and local protection laws. <i>\$40.7 million</i>• Promotes citizen partnership. Works with local community organizations to promote environmental activities, outreach and education. <i>\$5.8 million</i>
Supports jobs and recreation	<p>Keeps farms and forests profitable and productive. Creates a comprehensive Working Lands Initiative. Develops a long-term strategy for the future of the agriculture and food processing industries. Helps local governments and landowners protect working farms and forests from encroaching development. Helps farmers and ranchers use conservation practices that allow them to operate profitably and meet environmental needs. Expands the Washington State University Cooperative Extension research and support program. Increases regulatory certainty for family forest landowners with long-term forest management plans and permits. Addresses elk damage on farmlands and grazing monitoring on state lands. Aggressively markets Washington agricultural products by more than doubling the “Heart of Washington” campaign. <i>\$8.9 million GF-State, \$10.3 million other funds</i></p> <p>Invests in state parks. Improves drinking water, wastewater and stormwater systems, restrooms, showers and other park structures to help State Parks prepare for its 2013 Centennial. Replaces outdated park vehicles and equipment. <i>\$5.8 million GF-State, \$48.5 million Capital, \$34.5 million other funds</i></p>

Makes fish hatcheries work for wild salmon. Continues changes in hatchery practices and facilities to protect wild salmon stocks, based on a scientific review of salmon and steelhead hatcheries. *\$2.8 million GF-State, \$10.6 million other funds*

Supports Washington Wildlife and Recreation. Develops sites for wildlife conservation and outdoor recreation. Includes local and state parks, water access, trails, critical wildlife habitat, natural areas, urban wildlife habitat, farmlands, riparian, state parks development and state parks restoration. *\$70 million Capital*

**Invests in energy
independence**

Turns more crops and biomass waste into energy. Helps farmers convert farm products such as wheat stubble, wood, mustard, canola and cow manure into energy for local communities. Focuses on short-term results as well as on building the long-term capacity to lead the way in alternative energy. *\$4 million GF-State, \$1.3 million other funds*

Ensures fuel quality. Tests and evaluates fuel quality to ensure that alternative fuels like ethanol and biodiesel meet the high standards required in Washington. *\$1 million Motor Vehicle Account, \$500,000 Energy Freedom Account*

TRANSPORTATION

“We are making our roads safer for Washington families with critical transportation investments throughout the state.”



Jobs and businesses depend on the safe and efficient movement of people and products. To make sure that all our people and products are safely linked to each other and to every available market, Governor Gregoire is continuing the most efficient delivery of the largest transportation construction program in Washington history.

We are fixing roads, rails and bridges for a strong, safe and reliable transportation system. Every safety project begun in 2003 and 2005 is included in this budget and is fully funded and on schedule.

We are also fighting traffic by reducing the time it takes to clear accidents, optimally timing traffic signals and taking cars off the road with more transit options.

MAKING CHANGES FAMILIES CAN COUNT ON

Governor Gregoire's Budget for Transportation:

Moves traffic **Quickly removes big trucks at accident scenes.** Creates a pilot project to reduce clearance times and congestion in King, Pierce and Snohomish counties by providing a \$2,500 incentive to towing companies that meet rapid response and quick clearance goals related to heavy truck incidents. The pilot will be similar to a successful Florida program that is responsible for clearing 94 percent of heavy truck collisions in under 90 minutes. *\$300,000 Motor Vehicle Account-State*

Improves traffic light timing on state highways. Expands the signal retiming program to allow traffic lights on state highways, like SR 99, to be timed to the optimal schedule, reducing delays for travelers. Programs traffic lights to better accommodate incidents, emergencies or special events. *\$700,000 Motor Vehicle Account-State*

Takes more cars off the road. Fights traffic congestion by reducing the number of cars on the roads. Expands vanpools, park and ride lots, HOV lanes, buses and commuter rail, sidewalks and bike lanes. Funds the Regional Mobility Grant Program to support projects that will annually reduce more than 1 million vehicle trips and 21 million vehicle miles traveled, reducing congestion on regional corridors. *\$368 million Multiple Fund Sources*

Tests new traffic management techniques. Allows people to pay to travel in a High Occupancy Vehicle (HOV) lane even if they are driving alone. Designates the HOV lanes on SR 167 within King County as a High Occupancy Toll (HOT) lanes pilot project - a four-year effort to determine if HOT lanes are a viable solution for managing congestion. *\$3 million Motor Vehicle Fund-State*

Moves forward on construction **Honors commitment to voters.** Continues to honor commitments to build all of the projects included in the voter-approved 2003 Nickel and 2005 Transportation Partnership Act project lists, although costs have increased due to inflation, higher materials costs and other factors. *\$3.2 billion Nickel and TPA Funds*

Builds four 144-car auto-passenger ferries. Replaces older ferries that are being retired with four new ferries. The first vessel is scheduled to be delivered in spring 2009, and the total cost will be \$341.7 million over time. *\$142.7 million Multiple Fund Sources*

Replaces the Alaskan Way Viaduct. The viaduct carries 110,000 cars and trucks each day, bringing essential goods and services to the city. Replacing the viaduct and adjoining seawall is necessary to protect the public in the event of an earthquake. The state's commitment is to invest \$2.8 billion over time. *\$371 million Multiple Fund Sources*

SR 520 - Floating Bridge. Begins replacement of the 42-year-old SR 520 Evergreen Point Bridge. The bridge is a gateway that links eastern and western Washington from our plains to our ports. It carries 115,000 cars and trucks each day, and must be replaced because it is vulnerable to windstorms and earthquakes. The total cost will be between \$2.8 and \$4.4 billion over time. *\$126.7 million Multiple Fund Sources*

SR 395 - North-Spokane Corridor. Provides multiple projects along the corridor from I-90 to US 395 at Wandermere to improve traffic through metropolitan Spokane. These projects include park and ride lots to support transit and vanpooling, as well as an expanded and enhanced pedestrian and bicycle facility. Right of way will be reserved for possible high-capacity transit use in the future. These projects are all part of the 10.5 mile, \$3.3 billion, North Spokane Corridor. The first project is under construction and the second is anticipated to begin in 2008 and be completed by 2011. *\$140 million Multiple Fund Sources*

Hood Canal Bridge. Completes the Hood Canal Bridge, making it wider with safety shoulders to increase motorist and bicyclist safety across the bridge. The new east half will not have the “bulge” for a more direct and easier to travel bridge during winter weather. The total cost will be \$470.9 million over time. *\$156.3 million Multiple Fund Sources*

Tacoma Narrows Bridge. The new Tacoma Narrows Bridge opens to traffic in the summer of 2007 and the old bridge will be retrofit in the spring of 2008. The total cost will be \$849 million, and tolls will account for \$800 million of that total cost. *\$142.5 million Multiple Fund Sources*

I-5/SR 16 Tacoma area HOV. Constructs High Occupancy Vehicle (HOV) projects to improve traffic flow on I-5 and SR 16. Upon completion, HOV lanes will extend in both directions on SR 16 from Olympic Drive in Gig Harbor to the I-5 interchange and on I-5 from the I-5/SR 16 interchange north. The weave that currently exists between SR 16 traffic and northbound SR 705 traffic will be eliminated. The new configuration will allow safer movement of traffic through the downtown Tacoma area and help reduce accidents. The total cost is \$1.4 billion over time. *\$189 million Multiple Fund Sources*

Columbia River Crossing. Continues design and environmental assessment of a Columbia River bridge between Vancouver and Portland. *No Extra Cost*

**Moves freight
more efficiently**

SR 519. Increases mobility and safety with the SR 519 Intermodal Access Project by improving connections between I-5, I-90, and the waterfront in downtown Seattle near the stadiums. The project will benefit rail and truck freight, increase capacity for vehicles and improve safety for pedestrians as they walk to events, work and neighborhoods. The first phase of the project is complete, and the second phase is estimated to cost \$74.4 million. *\$8.5 million Multiple Fund Sources*

Lincoln Avenue Grade Separation. Eliminates an at-grade crossing and constructs a roadway over the railroad tracks at the Port of Tacoma. The total cost is over \$42.5 million, and the state share is \$10.2 million. *\$9.2 million Multimodal Transportation Account-Federal*

US 12 Tri-Cities to Walla Walla. Constructs a four-lane divided highway for forty miles from the junction of SR 124 to Walla Walla to reduce congestion and intersection related accidents. Average daily traffic ranges from 7,000 to 13,000 vehicles. As many as one-third of the vehicles are heavy trucks, and over ten million tons of cargo travel this section of US 12 each year. The total cost is \$143.2 million over time. *\$70.4 million Multiple Fund Sources*

SR 167 between SR 509 and SR 161. Connects the Port of Tacoma to I-5 and further south to SR 161. The total cost will be between \$1.6 and \$2.2 billion. The Regional Transportation Investment District is expected to pay for over \$1.5 billion, and the state share will be approximately \$140 million. *\$63.9 million Multiple Fund Sources*

I-90 Snoqualmie Pass. Widens 4.8 miles from Hyak to Keechelus Dam and addresses avalanche closures by constructing new bridges near the existing snowshed. This is the first phase of a larger project expanding I-90 from four lanes to six lanes from Hyak to Easton to improve traffic flow and accommodate projected volume. Deteriorated concrete pavement will be replaced with pavement designed for the heavier freight trucks in use today. The total cost to complete phase one is \$524.6 million. *\$28.4 million multiple fund sources*

CAPITAL CONSTRUCTION

“Our construction projects provide family-wage jobs and build a better future for Washington families.”



Construction jobs created by Washington public works projects help families earn a living wage and boost our economy. The construction budget provides needed facilities, such as new schools and university buildings, to serve students and families for generations.

Governor Gregoire’s capital construction supports more than 18,000 jobs over the next two years. In the short run, these family-wage jobs help people pay the mortgage, buy a car and put the kids through college. In the long run, the facilities constructed support education and other services that are vital to our economy.

MAKING CHANGES FAMILIES CAN COUNT ON

Governor Gregoire's Budget for Capital Construction:

Gives students room to learn

Constructs K-12 buildings. Fully funds all K-12 school projects that are expected to need state matching funds. *\$720 million*

Constructs four new regional skill centers. Provides comprehensive technical education for high school students who may participate in Running Start or apprenticeship programs. *\$73.3 million*

Creates room for demonstration projects and all-day kindergarten. Authorizes grants to school districts for purchasing portable classrooms at elementary schools participating in K-3 demonstration projects or state-funded all-day kindergarten programs. *\$10 million*

Establishes the Washington Youth Academy. Provides high school dropouts between the ages of 16 and 18 a second chance to earn their diploma or GED. *\$4.7 million*

Invests more than a billion dollars for universities and community colleges

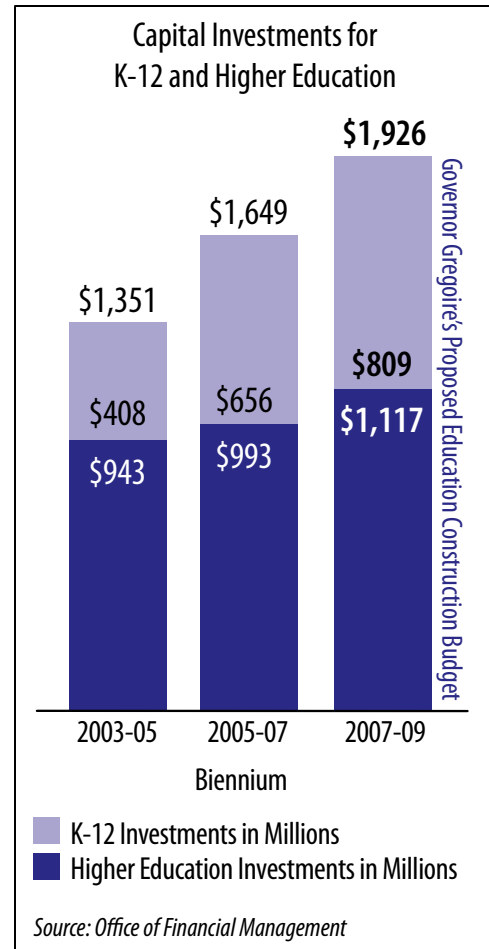
University of Washington. Continues restoration of the Seattle campus; renovates the historic Playhouse Theatre; renovates Savery Hall, a major instructional building; renovates Clark Hall, which originally served as the first women's dormitory; and designs six other projects. *\$103 million*

Washington State University. Includes construction of a Life Sciences Building with new laboratories for biotechnology research and critical infrastructure replacements and upgrades necessary for future growth on the main campus. *\$92 million*

Central Washington University. Renovates Dean Hall for science classes in Anthropology and Geography. *\$23.2 million*

Eastern Washington University. Includes reconstruction of Hargreaves Hall, home to the continuing education program and summer session classes. *\$10.8 million*

The Evergreen State College. Renovates the College Activities Building to provide better food service, lounge and recreational areas, and a more open and welcoming environment. *\$20.9 million*



Western Washington University. Designs the renovation of Miller Hall, which houses classrooms and offices for the College of Education and Department of Modern and Classical Languages. *\$5.5 million*

Bellevue Community College. Constructs classrooms and improves lab space in a new science and technology building. *\$31.3 million*

Cascadia Community College. Constructs a Center for Global Learning and Arts to provide a state of the art learning environment to prepare students to interact successfully in a global, technologically-sophisticated society. *\$32.6 million*

Centralia Community College. Constructs a science building to meet current science education standards. *\$28.7 million*

Clark College. Develops an east county off-campus satellite center to provide access and enrollment capacity to an underserved and rapidly growing population. *\$27.2 million*

Everett Community College. Adds critically needed classrooms, labs, large lecture room, instructor offices and support space. *\$40.6 million*

Olympic College. Provides classrooms and space for humanities students and replaces undersized student services. *\$37.9 million*

Pierce College. Expands facilities that house professional and technical programs including the high-demand field of allied health. *\$25.3 million*

Skagit Valley College. Constructs a science and allied health building to accommodate increasing enrollment pressure and provides state of the art laboratory, classroom and distance learning facilities. *\$28.1 million*

Yakima Valley Community College. Renovates and expands the Brown dental hygiene building. *\$5.7 million*

Moves forward into The Next Washington **Increases the state's rail capacity.** Expands the height of a current Stampede Pass Tunnel which precludes the movement of double-stacked containers. *\$25 million*

Creates the Innovation Partnership Zones program. Competitive grants are provided to five designated zones that provide new infrastructure for centers promoting economic change. *\$5 million*

Keeps communities safe **Constructs the final phase of the Special Commitment Center.** Creates space to meet the population needs. *\$21 million*

Replaces the trailers at the Fire Training Academy. Trailers have been used for over twenty years as dormitories. *\$2.7 million*

Constructs healthcare facilities. Meets the basic health needs of men and women housed at corrections centers in eastern and western Washington. *\$79.2 million*

Protects our environment

Cleans up Puget Sound. Protects and restores valuable habitat, prevents and cleans up toxics, reclaims used water, fixes septic systems and improves wastewater systems. *\$140 million*

Protects fish and wildlife habitat and supports local parks. Support provided through the Washington Wildlife and Recreation Program. *\$70 million*

Improves the Columbia River Basin Water Supply. Assesses, plans, and develops new storage options; improves or alters operations of existing storage facilities; implements conservation projects; and other actions designed to provide access to new water supplies within the Columbia River Basin. *\$34.5 million*

Supplements the Centennial Clean Water Fund. Provides grants and loans for planning, implementation, design, acquisition and construction of water pollution control facilities and activities. *\$44.6 million*

Continues the State Parks Centennial Program. Improves existing parks with needed upgrades and renovations to celebrate the Washington State Park's 100-year anniversary in 2013. *\$48.5 million*

Improves our communities

Governor Gregoire is investing in local community projects around the state, some of which are listed here.

Improves infrastructure in local communities. Provides low-interest loans for improvements to road, sewer, water and storm systems. *\$350 million*

Improves public water systems. The highest priority projects receive loans to complete needed improvements. *\$82.6 million*

Increases affordable housing. Expands the successful Housing Trust Fund program, increases the number of affordable housing units available to families transitioning from being homeless or escaping domestic violence situations. The program also assists disabled individuals and seniors who do not have enough income for rent. *\$140 million*

Designs and constructs a veteran's cemetery. Cemetery to be located in Spokane County to allow families in eastern Washington to be closer to their deceased loved ones. *\$7.8 million*

Supports children and adults with disabilities. Builds a new facility for Innovative Service Northwest, which provides child care, therapy, respite care and employment support for people with disabilities. *\$1.9 million*

Constructs a horse park. Provides a new equestrian center for horses and riders in Cle Elum. *\$3.8 million*

Emmanuel Family Life Center. Provides social services to youth, families and seniors, such as after school programs, child care, education and computer learning to the African-American community in Spokane. *\$500,000*

Supports blind and deaf students. Provides a new physical education center at the School for the Blind and a new cafeteria and maintenance support building at the School for the Deaf. *\$19.9 million*

Constructs Asian Counseling and Referral Service Center. Supports construction of facility in Seattle to assist a growing Asian population. *\$3 million*

Begins construction on the Seattle Chinese Garden. Facility will use the entry gatehouse donated by the City of Chongqing. *\$500,000*

Expands the Northwest African American Museum. Museum will be located at the historic Coleman School Building. *\$1.3 million*

Constructs the Granger Community Service Center. For services to the Spanish-speaking community. *\$500,000*

Replaces the leaky roof of El Centro de la Raza. Facility provides social support services to more than 10,000 participants. *\$821,000*

Enhances natural beauty. Provides artwork at Sacajawea state park in Pasco and Chief Timothy Park in Clarkston. *\$500,000*

Expands the Public Health Laboratory. Allows more analysis of information to identify infectious diseases. *\$1.2 million*

Retrofits food distribution warehouse. New warehouse for Northwest Harvest to help distribute food to 37 counties. *\$3 million*

Supports the arts. Promotes arts-related construction projects throughout the state. *\$12 million*

Constructs a new Heritage Center. Facility for the archives, library and election functions to be located on the Capital Campus. *\$111 million*

Renovates the Fox Theater. Completes renovation of the historic Fox Theater, a regional performance venue. *\$2 million*